

Gaming News

July/Aug/Sept 2022

Tim Mahoney Starts as Executive Director of the Gambling Control Board

The Walz-Flanagan administration appointed Tim Mahoney as the new executive director of the Gambling Control Board. Mahoney started on August 29th and replaced Laura Wade, who had been serving as the board's interim executive director.

Mahoney served in the Minnesota House of Representatives from 1999 to 2021, representing St. Paul's East Side. Prior to, and during, his time in the House, Mahoney was an industrial pipefitter and foreman.

We have two pieces with the new executive director: the first is short greeting from him to all our readers, the second is a longer interview conducted with Director Mahoney just before he started. Enjoy!

Settling In and Heading Out: A Message from the Executive Director

I'll start with the bottom line: I'm excited to be leading the Gambling Control Board. I've always loved a challenge, and this will be a good one. It's an interesting industry full of interesting people, and everyone is working toward the important goal of raising money to help support the vital work done by Minnesota's charities.

But like any new challenge, there's a lot to learn. Something I took away from my previous job is that one of the best ways to do that is to listen. So, in the coming weeks, I'll be setting up a series of dates to meet with YOU—the people who make this industry work: the gambling managers and the people staffing the booths, the site owners, and the customers. I can't learn some of the important things I need to learn unless I get out of the office.

So don't be surprised to get a message from me asking if I can stop by your organization. I want to learn from the people impacted by the decisions that the Gambling Control Board makes. And, in the meantime, if there's something important you think I need to know, you can email me anytime at: tim.mahoney@state.mn.us.

Ready and excited to drink from the fire hose,
Tim Mahoney

Gambling Control Board meetings are open to the public.

Please check our website to determine if a meeting will be on location or held remotely.

Upcoming meetings:

September 19, 2022

October 17, 2022

November 21, 2022

Meetings start at 10:00 a.m.

Meeting dates and times are subject to change. For the latest schedule and agenda go to:

www.mn.gov/gcb

Board Members:

Geno Fragnito, Chair
(Woodbury)

Jim Nardone, Vice Chair
(Grand Rapids)

Norm Pint, Secretary
(New Prague)

Beth Pinkney
(Woodbury)

William English
(Plymouth)

Janet Lorenzo
(Inver Grove Heights)

One Vacancy

Meet Tim Mahoney Just before he started, I had a chance to sit down with Director Mahoney. The two of us talked about a number of things (well, sometimes it was actually four of us: his two young grandsons were visiting—and while they were willing to express a candid assessment of their grandfather, they weren't willing to go on record. You'll just have to trust me that it was both positive and quite charming...). Here are some of the highlights. (edited for flow and content)

First Day of School

Evan Johnson: It's the end of summer and there's a touch of fall weather in the air. Is your first day on the job going to feel like the first day of school?

Tim Mahoney: It's been a long time since I've had a first day of school, so I might not even remember what that feels like. It'll take some time to settle in—I like to say, “find out where the bathrooms are and how you water the plants.” But I'm going to look at it as a new challenge, and I've always loved to have a challenge. It makes me think. I use the term “noodle it”—run it through my head trying to figure out what is going on, why it's going on, how it started, how it got to where's it at. And then where do we need to take it?

Politician and Pipefitter

EJ: Tell us a bit about your background.

TM: I started in my mid-20s as a pipefitter, and it was the best job I could ever have until my body kind of said, “You can't climb those 200-foot-tall ladders any longer. Or lift that six-inch pipe and wrestle it around.”

Which was just fine, I was 59 and a half when I retired from there.

But 25 years ago, I was also very active in my local union, and active in politics. I was asked to run for the House seat for District 67a (east St. Paul), and I chose to.

The legislature is an odd body. It took some time to settle in, and it takes time to decide if there's a change that has to be made and, anyhow, I spent just over 22 years there. I was chairman of a couple of different committees—the Science Committee, and the Jobs Committee (I've always

improve the economy in the state of Minnesota?” It was a multibillion-dollar budget with the Department of Employment and Economic Development (DEED), hundreds of millions with the Department of Labor and Industry (DLI) and involved a lot of manufacturers and my fair share of investors.

And when I became a chairman, my job wasn't just to put together legislation, or put together a big finance bill. It was to help other legislators be better legislators. What obstacles can I get out of their way? Or, in the case where it's not the best idea, what

could I put in their way to keep them from doing something that probably wasn't that useful or maybe even harmful?

And over the years at the Capitol, I've also developed some good negotiating skills. You know, legislative work is a sales job, really, in all senses of the word. You're coming up with an idea or product—a

good idea—and you're trying to sell it to your constituents, and then to your other colleagues at the Capitol, whether they're on the Democratic side, or on the Republican side, which meant I had to grow



in my job. And I think that's important. Whether it's a legislative job or a regulatory job, it's important to start to understand it, know where the nuances are, and grow in it.

What Can We Learn?

EJ: What kind of lessons have you learned over that career?

TM: The best thing I learned as a pipefitter was to do it right the first time. Try not to make the mistake, because mistakes are costly—both in money and in time.

But my most important learning experience at the legislature was that everyone makes mistakes. And you need to use those as learning experiences rather than just something that got in your way. Everybody makes mistakes, and you just can't lose your cool over them. So, when we make mistakes, what are we going to learn from them? How are we going to avoid doing it in the future? Let's not do them again, but what lessons can we take forward to make it less likely to happen with anybody else?

I Like a Challenge

EJ: What makes this position a good fit for you?

TM: Well, I think what makes it a good fit for me is that I've always looked at myself as the average, everyday working stiff. And who are our pull-tab customers? Are they wealthy, high-risk people? Typically not.

I've also developed over the years at the Capitol some good negotiating skills. I know gambling is a contentious

issue up at the Capitol, and a lot of people don't like it. Period. So, I come in with the understanding that part of my job—but not the majority of my job—is to calm some fears and promote the industry both with the public and with the legislature, who ultimately make the rules on gambling.

I think my political background has given me the ability to stand up for what I believe in and what I believe is the right thing to do, but also to do it in a way that doesn't just offend people. And that's an important skill that we can all keep developing.

It's an exciting new phase for me, but it's some of the same old stuff—different projects, different sphere of influence, but the principles are all the same. And I like a challenge.

We'll Solve It

EJ: What is your approach to leadership?

TM: I don't intend to come in and blow anything up. My leadership style is to see what's working, see what isn't working that well, and then sit down with people.

My understanding with the Agency is that they do a good job. So, you know, if you're doing a good job, my job is to figure out how can I make it a better job—better for you. I want people to enjoy coming to work. I don't want them coming to work thinking, "Oh, what a dreary day because the boss is all over us all the time." Is there something in your way? It's my job to come

in and figure out if it has to stay in your way. And if it doesn't, then I have to figure out a way to get it out of your way.

So that's kind of my style. I've had people at the Capitol really enjoy coming to work for me. And I had people resist leaving working for me. My management style is pretty easy-going. I rely on people to do their job and do it well. I lean on people who have more experience in doing their job, because my job is to have the whole picture.

When a problem needs to be solved, we'll solve it. At the end of the day, I'm not doing my job if I don't make something better, if I don't listen to people—listen to their ideas, listen to the reasons. If we're doing something wrong, let's find a better way to do it, and then give credit to the people who made the change happen. And typically, I do it relying on the expertise people have developed in their roles, not just as an edict coming down from above.

Gambling Managers and Organizations

EJ: Switching gears a bit, what might the organizations and gambling managers expect from you?

TM: My approach is a consistent one, the philosophy I'll bring to leading the Board is the same as I'll bring to working with gambling managers and organizations. I'm not out to beat anybody up—to bring charges or to put huge fines on them. I

want them to be as profitable as possible. I mean, these small organizations and operations—Tom's Bar with a pull-tab operation—they're supposed to be out there raising money for charitable things. And I hope they're looking to help our youth, and making sure our seniors are staying active, so that they can thrive in the towns that they're in, whether it's St. Paul, or Fergus Falls, or Blackduck. We need a healthy Minnesota across the state, and charities are an integral part of making small towns more viable.

Settling In and Working with People

EJ: What have I overlooked that you'd like to share?

TM: I don't think there's much to add. I think we've covered quite a bit of what I am and who I am. I'm just looking forward to settling into the job and trying to work with people to make the agency a better agency.

Bonus: Pipefitting 101

EJ: Can you give us an introduction to pipefitting?

TM: It's a special skill. We do process piping: industrial piping, commercial piping, HVAC (Heating Ventilation & Air Conditioning), and

controls. Typically, I ended up working with bigger pipe, heavier steel pipe, more specialized pipe. I put in boilers. For one of them we had to dig a trench about 70 feet long and 25 feet deep, shore it up, take out a basement wall, and move in the 20x15 ft. boiler. We also do industrial piping, such as the oil refinery down in Rosemount. We do a lot of work for 3M. We work in all types of weather, whether it's cold out or warm out. And I want everyone to know that nowadays you can buy a heated jacket to stay warm [laughs]. It's a good profession.

Good to Know

Practical Advice from the GCB's Licensing and Compliance Specialists

Clarification Around Food Shelves and Use of the "A" Code

We received some good questions after our article on "A" codes in the last issue of Gaming News. Here's some additional information to help clarify. Use:

- A1: if the food shelf is a 501(c)(3)
- A2: if the food shelf is not a 501(c)(3)
- A14: if the primary purpose is providing food to people 62 or older, or who have a disability, whether or not the organization is a 501(c)(3)

Amended Returns?

It's that time of the year when the annual reports showing an organization's Star Rating are being compiled and published, so make sure to submit any amended returns to gcbreports@state.mn.us.

And if your Compliance Specialist contacts your organization regarding any LG100C (Lawful Purpose Expenditures) errors found while creating the report, please respond immediately—the window to complete the information is limited.

For further instructions on filing your amended returns please see the instructions ([linked here](#)).

Have Your Organization's Officers Changed?

If the officers (CEO or Treasurer) for a licensed organization change, you are required to notify the GCB within 10 days of the effective date. The **LG200B Officers Affidavit** form ([linked here](#)) should be emailed or mailed to their Licensing Specialist.

If there is a change in the address or phone number for a currently serving CEO or Treasurer, you should submit (also within 10 days) the **LG1015 Reporting Organization Information Changes** form ([linked here](#)) to your Licensing Specialist.

If your gambling manager's information changes, you should submit the **LG1016 Reporting Gambling Manager Information Changes** form ([linked here](#)).

!!! Crime Alerts !!!

Inver Grove Heights: a recent theft from a storage affected the following played games:

- Fair Ball – 6V51574
- Bar Stool Bucks – 7A21905
- By The Barrell – 7A22359
- Fun Fair – 8689871
- Double Dragons – 6U72233
- Golden Die – 6922247
- Fish Fair – 8573483
- Spending Money – 6X14512
- Double Dragons – 6U72192
- Up Nort Dere – 6T45606

Robbinsdale: two paper pull-tab game deals were stolen:

- Crazy 8's – 2275428
- Race Nation – 2291999

Graceville: four unplayed paper pull-tab games were stolen:

- Crown Sevens – 8Y47400
- Waves of Grain – 8Y47156
- Cashin' Cows – 8Y47887
- Countin' Sheep – 8Y47559

If someone attempts to pass any of these stolen tickets at your site, write up a description of the individual and, if possible, record the license plate number of the vehicle the suspect is driving. Immediately notify local law enforcement AND contact the Gambling Control Board (651-539-1900) to report the incident.

Additional Reminders:

- always check ticket serial numbers prior to redemption and then deface the winning tickets
- keep all gambling equipment (pull-tab games, bingo paper, etc.) stored in a secure and locked location
- bolt down the safe you use to store your gambling funds to prevent someone from stealing the entire safe
- if your organization's gambling operation is the victim of a burglary or theft (crime?), notify both local law enforcement AND the Minnesota Gambling Control Board (651-539-1900) immediately

“It’s Never the Job. It’s Always the People.”

A Conversation with Gary Danger

Gary Danger, the Enforcement Manager for the Investigations Unit, had been with the Gambling Control Board for just over 34 years. But this summer he decided that the time was right to make a change. Before we lost access to what I would consider to be the very definition of “institutional knowledge,” I asked Gary to sit down and share his thoughts about where the Gambling Control Board has been, and where it might be going. Here are some of the highlights from our conversation (edited for flow and content)

The Future: Less Paper

The modernization issue to me is the biggest challenge right now. I can see that, in the future, one of the things that this agency will have to deal with—I would guess within the next 2 to 5 years—is as society goes to cashless, how do we respond? Our industry is all cash, probably one of the last all cash industries. How are you going to do that with an old paper industry? How are you going to do that with volunteers? How are you going to do that with things like Bitcoin commingled with the moneys of a business like a bar or restaurant, because those kinds of answers could have a big impact on how this industry survives.

As you may see more modernization, maybe at some point everything becomes electronic, no more paper. That would be interesting too, and there seems to be a lot more of that going on. You’re seeing

resources being shifted and new ways to do the same thing. You know, more transparent, less tedious. I think everybody would love that.

But this will be one of the bigger issues this industry is going to have to wrestle with. It could go in many different directions. Or it could

maybe not modernize, and it just ends up being a small little sector of gambling.

The Future: More Competition

You worry about your industry, you know, about how it can remain viable with ever changing competition. The tribal casinos got bigger and there were more of them. The lottery got bigger. You have another horse track now. So, there are more options. You’ve got more professional ball teams around you. You’ve got more theaters, more plays, and other things, other entertainment options. So, it’s not just gambling competition. There’s a lot more competition, in general. How do you remain viable with an old product?

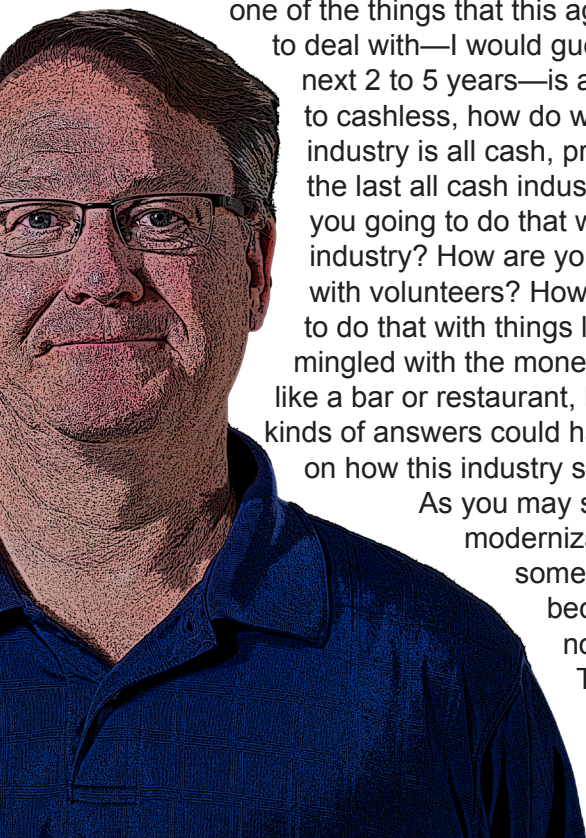
An Important Perspective For All of Us

Over time, I think rather than just say “no,” we’ve thought, well, let’s just entertain the thought of “yes” for a second. How could that even look? You don’t want to do it to the detriment of the rules and laws, or start creating problems. If you end up going back to the default answer of “no,” well, then that was your answer. But if there’s a different way to do something, absolutely entertain it. People appreciate us trying to figure out how to make things work if we can.

I have to commend the staff. They’re always looking at different ways to at least figure out if there’s a different way to do things. That’s a constant struggle, but it’s a good thing to just re-look at things, go back and look at the “Why?” Why did we do something? Is there a rule or law change that now makes that answer different? That’s a good thing. You don’t get stale. So don’t be afraid to engage that way.

(Also) I was given advice by a former director once that would apply to everybody as well as my replacement, and that was a quote: “With great power comes great responsibility.” That’s true. It’s really true.

(Our decisions can have) a lot of impact. So don’t be rash. Give it a good thought. People know things are coming for a reason. But let’s not go there right away. Take a deep breath and be measured about how you do things. Use your discretion, reasonableness, and common sense. Do the right thing. It’s appreciated out there.



A Small—and Good—Agency

The value of a small agency is that the staff always talks to each other. You could say something, and somebody might overhear and go, “Oh, hey, I know something about something related.” I can’t tell you the number of times that extra piece of information, that somebody just chimed in on, was significant to try to help solve an issue. It’s really weird, but it’s great, and it creates a cohesiveness.

The staff has always been very fun and enjoyable—a lot of good stories, a lot of good things—and that’s really what kept me coming back over the years. It’s never the job, it’s always the people...but the job actually isn’t that bad either!



Meet the New Enforcement Manager

Isaac Mixon started in July as the GCB’s new Enforcement Manager, filling the vacancy created with the departure of Gary Danger. Isaac joined the Gambling Control Board in 2020. Prior to that he was working in the criminal justice system, a background that will let him step into a new role that requires the ability to both learn and lead.

Sale!

Between now and December 31st, 2022, use this [coupon](#) to take 100% off your next Continuing Education course from the GCB!

Use promo code: ‘Yes, I know I am required to complete this before the end of the year.’

Trends in Lawful Gambling Receipts

Month	FY 2023	Change FY22 - FY23	FY 2022	Change FY21 - FY22	FY 2021
July*	\$355,595,464	2.0%	\$348,576,277	33.7%	\$260,677,986
Year-to-Date Total	\$355,595,464	2.0%	\$348,576,277	33.7%	\$260,677,986
August			\$352,677,348	32.0%	\$267,200,267
September			\$340,032,187	25.4%	\$271,254,855
October			\$360,281,794	26.9%	\$284,004,263
November			\$336,157,720	89.8%	\$177,104,164
December			\$348,154,326	7562.2%	\$4,543,782
January			\$344,213,089	95.1%	\$176,423,944
February			\$335,253,909	24.7%	\$268,832,144
March			\$387,788,534	10.1%	\$352,119,980
April			\$387,556,463	11.1%	\$348,827,528
May			\$360,209,168	2.9%	\$349,987,188
June			\$347,280,679	6.3%	\$326,750,393
Year-End Total	TBD	TBD	\$4,248,181,494	37.6%	\$3,087,726,493

*95% of organizations reporting for July 2022

CRG REPORT

The **Compliance Review Group** (CRG), a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules. The information presented here is a condensed report of recently completed CRG conferences. The penalties imposed are based on specific and unique information reviewed for each licensee.

License 02258 | **Waseca Hockey Association, Inc.** | Waseca

Consent Order Allegations:

The Organization:

- Deposited non-gambling funds into its gambling bank account
- Transferred funds from the gambling account without obtaining prior Gambling Control Board authorization

The Organization failed to:

- Maintain deposit records which were sufficient to allow determination of deposits made from each deal or game at each permitted premises
- Complete a monthly bank reconciliation which listed outstanding checks, deposits in transit, and beginning and ending book balances for the month which correspond to the profit carryover
- Accurately complete Schedule F forms
- Correctly complete prize receipt forms for winning pull-tabs of \$100 or more
- Maintain internal controls sufficient to protect the integrity of its lawful gambling
- Comply with the Board's request, in a timely manner, to meet with Board staff, to conduct a post-compliance review and failed to comply with the Board's request to provide documents to verify that the corrective action required in the Compliance Report had been completed

Consent Order Requirements:

- \$5,000 Civil Penalty
- File Corrective Action Plan
- Resolve all issues contained in pending Compliance Review Report and any issues that arise from the filing of amended GCB Reports and returns to the satisfaction of the Director and the MNDOR
- Review its past reporting and file amendments for GCB Reports and Department of Revenue tax returns for July 2021 forward and provide supporting documentation for entries listed on the LG100F
- Reconcile its profit carryover variance and its gambling bank account balance
- Reimburse its gambling bank account in the amount of the unreconciled variance
- Reimburse gambling account in the amount of \$2,210 which constitutes the ideal net receipts from purchased but unaccounted for
- Provide proof that fine and civil penalty were not paid out of gross receipts from lawful gambling
- For a period of one year organization can not apply for any additional permits
- Within 6 months Board staff will initiate a focused compliance review. If, at the time of the compliance review, the organization has not corrected or if any of the same or similar violations occur, the Director can require that a booth operation be implemented at premises permits for the Boxcar (site 011) and Katie O'Leary's site (005)

Citations Paid

The director of the Gambling Control Board may issue citations for failure to comply with lawful gambling statutes or rules. Citation amounts for similar violations may vary depending on unique circumstances and are determined on a case-by-case basis.

2889 | **Warroad Area Community Center** | Warroad
Failed to timely file LG100A, LG100C, and LG100F \$100

693 | **Moose Lodge 1060** | Aitkin
Failed to comply with Gambling Control Board requests for information \$200

36141 | **Heart of the Lakes Ducks Unlimited, Chapter 286** | Annandale
Accepted credit card payments for gambling \$200

61003 | **Ducks Unlimited Chapter 91** | Glenwood
Used bingo paper that was not purchased from a licensed distributor \$200

307 | **American Legion Post 37 St. Peter** | St. Peter
St. Peter Failed to comply with Gambling Control Board requests for information \$250

543 | **Eagles Aerie 350 Dacotah East Grand Forks** | East Grand Forks
Serial number on tickets did not match serial number on flare \$250

2425 | **Delano Area Youth Hockey Assoc, Inc.** | Delano
Gambling manager failed to complete a continuing education class in 2021 \$250

236 | **American Legion Post 54 Red Wing** | Red Wing
Failed to accurately reconcile gambling accounts \$300

1811 | **Upsala Lions Club** | Upsala
Employee involved in the conduct of gambling participated in electronic linked bingo \$300

2516 | **Wolf Lake Wolf Pack Baseball, Inc.** | Menahga
Employee involved in the conduct of gambling participated in electronic \$300

5604 | **Brainerd Snodeos** | Brainerd Pull-tab seller allowed to play linked bingo at place of employment \$300

194 | **Ottertail Lions Club** | Ottertail
Closed pull-tab games were not properly destroyed \$350

39001 | **Ducks Unlimited Chapter 55** | Baudette
Used bingo paper that was not purchased from a licensed distributor and accepted credit card payments for gambling \$400

86012 | **Ducks Unlimited Wright County Ch 39** | Buffalo
Used bingo paper that was not purchased from a licensed distributor \$400